
Financial statements of
Southlake Regional Health Centre
Foundation

March 31, 2024

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Independent Auditor's Report

To the Members of
Southlake Regional Health Centre Foundation

Opinion

We have audited the financial statements of the Southlake Regional Health Centre Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations and changes in fund balances, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2024 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 28, 2024

Southlake Regional Health Centre Foundation

Statement of financial position

As at March 31, 2024

	Notes	2024 \$	2023 \$
Assets			
Current assets			
Cash		10,507,188	11,314,963
Accounts receivable		384,292	642,715
Investments	3(a)	39,295,401	36,067,716
Prepaid expenses		36,064	7,796
		50,222,945	48,033,190
Capital assets, net	4	40,885	43,444
		50,263,830	48,076,634
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		303,309	280,855
Deferred revenue		255,092	74,731
Due to Southlake Regional Health Centre	10	219,506	2,946,154
		777,907	3,301,740
Fund balances			
General	5	7,095,247	5,380,689
Restricted	6	10,892,869	11,136,925
Endowment	7	31,497,807	28,257,280
		49,485,923	44,774,894
		50,263,830	48,076,634

The accompanying notes are an integral part of the financial statements.

Approved by the Board

 _____, Director

 _____, Director

Southlake Regional Health Centre Foundation
Statement of operations and changes in fund balances
Year ended March 31, 2024

	General Fund		Restricted Fund		Endowment Fund		2024	Total 2023
	2024	2023	2024	2023	2024	2023		
Notes	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Donations and fundraising	3,903,105	2,902,388	1,645,075	1,525,196	208,977	8,660	5,757,157	4,436,244
Mental Health "Better begins today" Campaign	—	—	407,590	681,202	—	—	407,590	681,202
Cancer "Here is where cancer meets its match" Campaign	—	—	4,736,711	5,214,973	—	—	4,736,711	5,214,973
Maternal Child "Homeward Join the Journey" Campaign	—	—	596,956	743,454	—	—	596,956	743,454
Residential Hospice "love lives here" Campaign	—	—	152,882	153,157	—	—	152,882	153,157
Diagnostic Imaging "Images for Life" Campaign	—	—	420	607	—	—	420	607
	3,903,105	2,902,388	7,539,634	8,318,589	208,977	8,660	11,651,716	11,229,637
Lottery revenue	104,975	167,005	—	—	—	—	104,975	167,005
Lottery expenses	85,490	131,239	—	—	—	—	85,490	131,239
Net lottery	19,485	35,766	—	—	—	—	19,485	35,766
Investment income (loss)	474,834	601,154	716,555	1,088,529	3,031,550	(1,214,316)	4,222,939	475,367
Total Revenue, including net lottery and investment income(loss)	4,397,424	3,539,308	8,256,189	9,407,118	3,240,527	(1,205,656)	15,894,140	11,740,770
Expenses								
Fundraising and administrative	3,871,258	3,393,336	1,129,063	1,224,108	—	—	5,000,321	4,617,444
Excess (deficiency) of revenue over expenses before grants	526,166	145,972	7,127,126	8,183,010	3,240,527	(1,205,656)	10,893,819	7,123,326
Grants to Southlake Regional Health Centre	107,328	638,276	6,051,413	3,698,384	—	—	6,158,741	4,336,660
Grants to other qualified donees	—	—	24,049	6,471	—	—	24,049	6,471
Total grants	107,328	638,276	6,075,462	3,704,855	—	—	6,182,790	4,343,131
Excess (deficiency) of revenue over expenses for the year	418,838	(492,304)	1,051,664	4,478,155	3,240,527	(1,205,656)	4,711,029	2,780,195
Fund balances, beginning of the year	5,380,689	5,500,311	11,136,925	7,031,452	28,257,280	29,462,936	44,774,894	41,994,699
Interfund transfers	1,295,720	372,682	(1,295,720)	(372,682)	—	—	—	—
Fund balances, end of year	7,095,247	5,380,689	10,892,869	11,136,925	31,497,807	28,257,280	49,485,923	44,774,894

The accompanying notes are an integral part of the financial statements.

Southlake Regional Health Centre Foundation

Statement of cash flows

Year ended March 31, 2024

	2024	2023
	\$	\$
Notes		
Operating activities		
Excess of revenue over expenses for the year	4,711,029	2,780,195
Items not affecting cash		
Net realized and unrealized (gain) loss included		
in investment income	3(b) (3,218,466)	939,298
Amortization of capital assets	14,802	12,757
Non-operating contributions restricted for endowment	(208,977)	(8,660)
	1,298,388	3,723,590
Change in non-cash operating items		
Accounts receivable	258,423	(465,388)
Prepaid expenses	(28,268)	(7,796)
Accounts payable and accrued liabilities	22,454	(193,200)
Deferred revenue	180,361	(44,362)
Due to Southlake Regional Health Centre	(2,726,648)	2,685,936
	(995,290)	5,698,780
Financing activity		
Contributions restricted for endowment	208,977	8,660
Investing activities		
Purchase of capital assets	(12,243)	(17,335)
Net change in investments	(9,219)	(2,962)
	(21,462)	(20,297)
(Decrease) increase in cash	(807,775)	5,687,143
Cash, beginning of year	11,314,963	5,627,820
Cash, end of year	10,507,188	11,314,963

The accompanying notes are an integral part of the financial statements

Southlake Regional Health Centre Foundation

Notes to the financial statements

March 31, 2024

1. Purpose and organization

Southlake Regional Health Centre Foundation (the "Foundation") is incorporated under the laws of the Province of Ontario as a corporation without share capital. The Foundation raises, receives, accumulates and distributes funds and/or the income therefrom for charitable purposes and, in particular, for the benefit of Southlake Regional Health Centre (the "Hospital") and Southlake Residential Care Village (the "Village") in respect of capital expansion, equipment, and other special programs for the improvement of patient care.

The Foundation is a public foundation registered under the Income Tax Act (Canada) (the "Act") and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes. The Foundation must meet certain requirements within this Act. In the opinion of management, these requirements have been met.

2. Significant accounting policies

Management has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Financial instruments

The Foundation initially recognizes financial instruments at fair value and subsequently measures them at each reporting date as follows:

Asset/liability	Measurement
Cash	Fair value
Accounts receivable	Amortized cost
Investments	Fair value
Accounts payable and accrued liabilities	Amortized cost
Due to Southlake Regional Health Centre	Amortized cost

Financial assets measured at amortized cost are assessed at each reporting date for indications of impairment. If such impairment exists, the asset shall be written down and the resulting impairment loss will be recognized in the statement of operations and changes in fund balances for the period.

Capital assets

Capital assets are recorded at cost and are amortized over their estimated useful lives at the following rates:

Furniture and equipment	straight line over 5 years
Computer equipment	straight line over 5 years

The useful lives and amortization rates of capital assets are reviewed periodically, any adjustments are recognized in the statement of operations, and changes in fund balances in the period in which the changes are identified.

Southlake Regional Health Centre Foundation

Notes to the financial statements

March 31, 2024

2. Significant accounting policies (continued)

Fund accounting

The financial statements include the following funds:

- The General Fund comprises amounts available for immediate use for the general purpose of the Foundation as determined by the Board of Directors.
- The Restricted Fund comprises amounts that are to be used for specific purposes as specified by the donors, the Board of Directors, or as stipulated by the fundraising appeal.
- The Endowment Fund comprises amounts to be maintained permanently as specified by the donors or the Board of Directors.

Revenue recognition

The Foundation follows the Restricted Fund method of accounting for contributions. Restricted contributions are recognized as revenue of the respective fund. Contributions are recorded when they are received. Pledges are not recorded in these financial statements as they are not legally enforceable claims.

The Foundation recognizes revenue for special events in the year in which the event occurs.

Unrestricted contributions unrelated to events, are recognized as revenue of the General Fund in the year received. Donor-restricted contributions are recognized as revenue of the Restricted Fund unless the capital is to be maintained permanently, in which case the contributions are recognized as revenue of the Endowment Fund.

Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Investment income

Investment income is accrued as it is earned. Investment income includes dividend and interest income, and realized and unrealized gains and losses net of investment management fees and Foundation fees. The dividend and interest income net fees are allocated to the Restricted and General Funds. The realized and unrealized gains and losses remain in the Endowment Fund.

Contributed securities

Gifts of publicly traded securities are recognized at estimated fair value based on the closing published price on the date of receipt, when such information is available, or other estimated fair value as applicable.

Volunteer fundraising activities

The work of the Foundation is dependent on the volunteer fundraising activities of many members. Because these services are not normally purchased by the Foundation and because of the difficulty in determining their fair value, donated volunteer services are not recognized in these financial statements.

Southlake Regional Health Centre Foundation

Notes to the financial statements

March 31, 2024

2. Significant accounting policies (continued)

Use of estimates

In preparing the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, fund balances, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses and changes in fund balances for the year. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known. Actual results could differ from those estimates. Accounts requiring significant estimates and assumptions include investments due to valuation and accrued liabilities.

3. Investments

The Foundation maintains a significant portion of its investments in pooled funds managed by external investment managers.

(a) Investments consist of the following:

	2024	2023
	Fair value	Fair value
	\$	\$
Short-term investments (pooled funds)	3,295,921	3,267,579
Bonds	12,486,335	11,415,822
Canadian Equities	7,288,308	6,425,696
Global Equities	13,301,539	12,682,475
Real Estate and Infrastructure	2,923,298	2,276,144
	39,295,401	36,067,716

(b) Investment income consist of the following:

	2024	2023
	\$	\$
Realized net losses	(19,442)	(792,071)
Unrealized net gains	3,237,908	(147,227)
	3,218,466	(939,298)
Interest and other	1,193,596	1,592,310
	4,412,062	653,012
Investment counselling and safekeeping fees	(189,123)	(177,645)
Investment income	4,222,939	475,367

The investment portfolio is managed in accordance with the Foundation's investment policy.

Southlake Regional Health Centre Foundation

Notes to the financial statements

March 31, 2024

4. Capital assets

	Cost \$	Accumulated amortization \$	2024 Net book value \$	2023 Net book value \$
Furniture and equipment	261,963	257,505	4,458	9,412
Computer equipment	318,676	282,249	36,427	34,032
	580,639	539,754	40,885	43,444

5. General Fund

The General Fund consists of the following:

	Excess \$	Investment in capital assets \$	2024 Total \$	2023 Total \$
Balance, beginning of year	5,337,246	43,443	5,380,689	5,500,311
Excess (deficiency) of revenue over expenses after grants	418,838	—	418,838	(492,304)
Interfund transfers	1,295,720	—	1,295,720	372,682
Investment in capital assets	(12,243)	12,243	—	—
Amortization of capital assets	14,802	(14,802)	—	—
Balance, end of year	7,054,363	40,884	7,095,247	5,380,689

6. Restricted Fund

The Restricted Fund consists of the following externally restricted amounts:

	2024 \$	2023 \$
"Images for Life" DI Campaign	399	127
"love lives here" Hospice Campaign	106,502	(23,449)
"Better begins today" Mental Health Campaign	187,110	1,385,545
"Here is where cancer meets its match" Campaign	6,197,063	5,666,680
"Homeward Join the Journey" Campaign	744,165	716,318
Village	16,386	14,336
Equipment and Program Funds	3,641,244	3,377,368
Balance, end of year	10,892,869	11,136,925

Southlake Regional Health Centre Foundation

Notes to the financial statements

March 31, 2024

7. Endowment Fund

The Endowment Fund consists of the following:

	2024 \$	2023 \$
Funds externally restricted for endowment purposes		
Income must be used for a restricted purpose	10,362,972	9,170,398
Income is unrestricted	3,644,551	3,291,216
Restricted for endowment purposes by the Board of Directors*		
Income must be used for a restricted purpose	3,275,195	2,957,864
Income is unrestricted	14,215,089	12,837,802
	31,497,807	28,257,280

* These funds arose as a result of public solicitation for endowments and as such, they are externally restricted. Accordingly, these funds must be held in the endowment in perpetuity.

8. Special events revenues and expenses

Special events revenues and expenses are included in the statement of operations and changes in fund balances at their gross amounts. Results for the individual events are as follows:

	Run/Walk for Southlake \$	Gala \$	Golf Tournament \$	2024 Total \$
Revenue	377,033	220,000	409,810	1,006,843
Expenses	(135,972)	(100,333)	(184,155)	(420,460)
	241,061	119,667	225,655	586,383
	Run/Walk for Southlake \$	Gala \$	Golf Tournament \$	2023 Total \$
Revenue	436,020	2,498,202	318,186	3,252,408
Expenses	(153,297)	(506,818)	(110,363)	(770,478)
	282,723	1,991,384	207,823	2,481,930

9. Grants to Southlake Regional Health Centre

The Board of Directors has authorized grants to Southlake Regional Health Centre of \$6,158,741 (\$4,336,660 in 2023) to be used for the purposes specified at the time of transfer. The Board also authorized grants to other qualified donees of \$24,049 (\$6,471 in 2023).

Southlake Regional Health Centre Foundation

Notes to the financial statements

March 31, 2024

10. Related parties

Amounts due upon receipt to the Hospital include transfers to reimburse the Hospital for amounts they paid on behalf of the Foundation for payroll of \$218,177 (\$231,365 in 2023), phones and postage \$1,329 (\$865 in 2023), as well as grants of nil (\$2,602,739 in 2023).

From time to time, the Foundation may secure the services of a business in which a Director may have an interest. In such cases, the Director will declare a conflict of interest and abstain from voting on the engagement and on any related discussions or decisions to avoid a conflict of interest.

11. Commitments

Future annual systems and events payments under contract are as follows:

	\$
Fiscal year ending March 31 2025	219,961

The Foundation uses systems to maintain a relationship management database, execute on events and correspondence, and to maintain their general and sub-ledgers.

In addition, in order to run special events, the Foundation enters into multi-year agreements for logistics and contracts to special events.

12. Capital management

General Fund

The General Fund is comprised of the Foundation's operations and administrative activities. In managing this capital, the Foundation's objective is to have sufficient resources to continue operations in accordance with its mission and to provide additional granting from time to time. This need for sufficient resources is considered in the preparation and monitoring of an annual budget, the setting of a cost recovery fee, the monitoring of cash flows and monitoring compliance with the approved minimum balance and investment policies.

Restricted Fund

The Restricted Fund is comprised of amounts that are to be used for specific purposes as specified by the donors, or as stipulated in the fundraising appeal. The invested Restricted Fund capital is managed under contract by professional investment managers in accordance with the Foundation's investment policies with the objectives of preserving capital while providing for the cash flow needs of the Foundation in order to meet its granting requirements.

Endowment Fund

The Endowment Fund is comprised of amounts to be maintained permanently as specified by the donors or the Board of Directors. The income earned on these amounts is to be used in accordance with the endowment agreements or instructions of the Board of Directors.

The Endowment Fund capital is managed by professional investment managers in accordance with the Foundation's investment policies. The primary objectives of the Foundation's policies are to provide for long term granting to Southlake Regional Health Centre and to Southlake Village.

Southlake Regional Health Centre Foundation

Notes to the financial statements

March 31, 2024

12. Capital management (continued)

Endowment Fund (continued)

The financial objectives of the investment policies are: capital preservation; absolute real returns net of inflation sufficient to meet the minimum granting requirements imposed by the Canada Revenue Agency; and to maximize the total rate of return within acceptable risk tolerances to enable growth of the endowment fund capital over the long term.

Interest and dividend income from this fund is transferred to the Restricted and General Funds when earned. Grants are made from the Restricted and General Funds in accordance with the granting policy of the Foundation, when required by Southlake Regional Health Centre and Southlake Village.

Compliance with restrictions imposed by donors or the Board of Directors and compliance with the Foundation's investment and granting policies are monitored by management and reported to committees of the Board of Directors. Management has determined that the restrictions and policies have been satisfactorily complied with for the fiscal year ended March 31, 2024 on a basis consistent with the preceding year.

13. Pension plan

All employees of the Foundation are members of the Healthcare of Ontario Pension Plan (the "Plan") which is a multi-employer final average pay contributory pension plan. Employer contributions made to the Plan during the year by the Foundation amount to \$221,018 (\$215,530 in 2023) and are included in the statement of operations and changes in fund balances.

14. Government remittances

No amounts were outstanding with respect to government remittances at March 31, 2024 (nil in 2023).

15. Guarantees and contingent liabilities

In the normal course of business, the Foundation enters into agreements that meet the definition of a guarantee. Indemnity has been provided to all directors and officers of the Foundation for various items including, but not limited to, all costs to settle suits or actions due to involvement with the Foundation, subject to certain restrictions. Directors' and officers' liability insurance is in place via the Foundation's coverage by the Hospital's HIROC policy, to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined but is limited to the period over which the indemnification party served as a director or officer of the Foundation. The maximum amount of any potential future payment cannot be reasonably estimated.

16. Financial risk management

The Foundation is subject to market, currency, and interest rate risks with respect to its investments.

Market risk

Market risk arises as a result of trading in equity securities and fixed income securities. Fluctuations in the market expose the Foundation to a risk of loss.

16. Financial risk management (continued)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation's investments include non-Canadian equities, the value of which fluctuates in part due to changes in foreign exchange rates. The U.S. and International Equity Funds hold assets and liabilities denominated in currencies other than Canadian dollars and this fund is therefore directly exposed to currency risk as the value of the assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by the Foundation. The short-term interest bearing investments held by the Foundation have a limited exposure to interest rate risk due to their short-term maturity.

To manage these risks the Foundation has established investment policies, which include target mix of investment types and concentration limits designed to achieve the optimum return within reasonable risk tolerances.